

Non-Marine Property
Physical Loss or Damage
Wording

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LMA3182

Date: 06 November 2024

SCHEDULE - SECTION A

Policy Number:	
Unique Market Reference Number:	
Name of Insured:	
Address of Insured:	

Period of Insurance:

From:

To:

Both dates at 12.01 a.m. Local Standard Time at the address of the Insured, and such further period or periods as may be mutually agreed upon

Territory:

Policy Limit of Liability:

The Underwriters' maximum limit of liability under this Policy in an Occurrence, including any insured Time Element loss shall not exceed <<insert Total Sum Insured>> and shall be subject to the Limit of Liability provisions stated within the Insuring Agreement.

Program Sub-limit(s)

The Policy provides for the following Program Sub-limits of liability within the Policy Limit of Liability but only if a corresponding Sub-limit is shown below:

ACCOUNTS RECEIVABLE	<<insert applicable limit/not covered>>
AUTOMATIC COVERAGE	<<insert applicable limit/not covered>>
BRANDS AND LABELS	Covered
BUILDINGS AND ADDITIONS UNDER INCIDENTAL COURSE OF CONSTRUCTION	<<insert applicable limit/not covered>> subject to a maximum contract value
CIVIL OR MILITARY AUTHORITY	<<insert applicable limit/not covered>> However, not to exceed the number of Days stated in Time Limits
COINSURANCE DEFICIENCY AND CURRENCY DEVALUATION	<<insert applicable limit/not covered>>
COMMISSIONS, PROFITS AND ROYALTIES	<<insert applicable limit/not covered>>
CONTINGENT TIME ELEMENT	<<insert applicable limit/not covered>>
DATA PROCESSING MEDIA REPRODUCTION COST	<<insert applicable limit/not covered>>
DEBRIS REMOVAL	<<insert applicable limit/not covered>>
DECONTAMINATION COSTS	<<insert applicable limit/not covered>>
DEFENCE COSTS	<<insert applicable limit/not covered>>
DEFERRED PAYMENTS	<<insert applicable limit/not covered>>
DEMOLITION AND INCREASED COST OF CONSTRUCTION	<<insert applicable limit/not covered>>
EARTH MOVEMENT in the aggregate during the Period of Insurance	<<insert applicable limit/not covered>>
ERRORS AND OMISSIONS	<<insert applicable limit/not covered>>
EXPEDITING COSTS and EXTRA EXPENSE combined	<<insert applicable limit/not covered>>
FINE ART	<<insert applicable limit/not covered>>

FLOOD in the aggregate during the Period of Insurance	<<insert applicable limit/not covered>>
INGRESS/EGRESS	<<insert applicable limit/not covered>> However, not to exceed the number of Days stated in Time Limits
LAND AND WATER CONTAMINANT OR POLLUTANT CLEANUP, REMOVAL AND DISPOSAL in the aggregate during the Period of Insurance	<<insert applicable limit/not covered>>
LAND IMPROVEMENTS	<<insert applicable limit/not covered>>
LEASEHOLD INTEREST	<<insert applicable limit/not covered>>
MISCELLANEOUS UNNAMED LOCATIONS	<<insert applicable limit/not covered>>
NAMED STORM	<<insert applicable limit/not covered>>
NEIGHBOUR'S RECOURSE AND TENANT'S LIABILITY	<<insert applicable limit/not covered>>
NON-ADMITTED INCREASED TAX LIABILITY	<<insert applicable limit/not covered>>
PROFESSIONAL FEES (CLAIMS PREPARATION COSTS)	<<insert applicable limit/not covered>>
PROTECTION AND PRESERVATION OF PROPERTY	Covered
RADIOACTIVE CONTAMINATION (SUDDEN & ACCIDENTAL)	<<insert applicable limit/not covered>>
RENTAL INSURANCE	<<insert applicable limit/not covered>>
RESEARCH AND DEVELOPMENT	<<insert applicable limit/not covered>>
SERVICE INTERRUPTION PROPERTY DAMAGE and SERVICE INTERRUPTION TIME ELEMENT combined	<<insert applicable limit/not covered>>
TEMPORARY REMOVAL OF PROPERTY	<<insert applicable limit/not covered>>
TRANSPORTATION	<<insert applicable limit/not covered>>
VALUABLE PAPERS AND RECORDS	<<insert applicable limit/not covered>>
WINDSTORM	<<insert applicable limit/not covered>> {NB If no limit is specified here, full policy limit will apply.}

Insurance applies only for coverages for which a Sub-limit of Liability is shown.

Program Deductible(s):

Waiting Period(s): Hours - TIME ELEMENT SERVICE INTERRUPTION
 Hours - CIVIL OR MILITARY AUTHORITY
 Hours - INGRESS / EGRESS

Time Limit(s): The following additional time limits apply:

AUTOMATIC COVERAGE	<<insert applicable time limit/not covered>>
CIVIL OR MILITARY AUTHORITY	<<insert applicable time limit/not covered>>
EXTENDED PERIOD OF LIABILITY	<<insert applicable time limit/not covered>>
GROSS PROFIT	<<insert applicable time limit/not covered>>
INGRESS/EGRESS	<<insert applicable time limit/not covered>>

CHOICE OF LAW AND JURISDICTION:	Choice of Law:	<<insert applicable data here>>
	Jurisdiction:	<<insert applicable data here>>

Service of Suit Nominee:

Endorsement(s):
<<insert any provisions applicable to specific jurisdictions here>>

Premium:

Dated in London:

INSURING AGREEMENT - SECTION B

INSURING CLAUSE

In consideration of the payment of premium as specified in the Schedule, and subject to the terms, conditions and exclusions of this Policy, the Underwriters agree to cover the Property Insured by this Policy against risks of direct physical loss or direct physical damage (hereinafter referred to as "direct physical loss or damage") occurring during the Period of Insurance.

TERRITORY

This Policy covers the Insured Location(s) situated within the Territory specified in the Schedule.

INSURED LOCATION

A. The coverages under this Policy apply to an Insured Location unless otherwise provided.

Insured Location is a location:

- 1) listed on a schedule on file with the Underwriters.
- 2) covered as a Miscellaneous Unnamed Locations.
- 3) covered under the terms and conditions of the Automatic Coverage or Errors and Omissions provisions.

B. The term Location wherever used in this Policy means:

- 1) as specified in the schedule of locations, except for Miscellaneous Unnamed Locations;
or
- 2) if not so specified or if Miscellaneous Unnamed Locations, a building, yard, dock, wharf, pier or bulkhead (or any group of the foregoing) bounded on all sides by public streets, clear land space or open waterways, each not less than fifty (50) feet wide. For the purpose of this provision any bridge or tunnel crossing such street, space or waterway will render such separation inoperative.

LIMIT OF LIABILITY

The Underwriters' maximum liability in a single Occurrence regardless of the number of Locations or coverages involved will not exceed the Policy limit of liability as specified in the Schedule. However, when a sub-limit of liability for a Location or other specified property or coverage is shown, such sub-limit will be the maximum amount payable for any loss or damage arising from direct physical loss or damage at such Location or involving such other specified property or such coverage.

Each Sub-limit stated in this Policy applies as part of, and not in addition to, the overall Policy Limit of Liability for an Occurrence insured hereunder. Each Sub-limit is the maximum amount potentially recoverable from all insurance layers and program policies combined for all insured loss, damage, expense, Time Element or other insured interest arising from or relating to that

aspect of the Occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.

If insured under this Policy, any Sub-limit for Earth Movement, Flood, Windstorm or Named Storm, is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, Time Element or other insured interest arising from or relating to such an Occurrence. If Flood occurs in conjunction with a Windstorm, Named Storm or Earth Movement, the Flood Sub-limit applies within and erodes the Sub-limit for that Windstorm or Named Storm, or Earth Movement.

When this Policy is part of an International Insurance Program and an Occurrence results in loss payable under more than one Policy issued to the Insured by Underwriters or its affiliated or representative companies, the maximum amount payable in the aggregate under all such Policies will be the applicable Limit of Liability indicated in this Policy regardless of the number of Locations, coverages or covered causes of loss involved.

REDUCTION BY LOSS

Claims paid under this Policy will not reduce its limit of liability, except claims paid will reduce any aggregate limit during any Period of Insurance.

DEDUCTIBLES

In each case of loss covered by this Policy, the Underwriters will be liable only if the Insured sustains a loss, including any insured Time Element loss, in a single Occurrence greater than the applicable deductible specified in the Schedule, and only for their share of that greater amount.

Unless otherwise stated below:

- A. When this Policy insures more than one (1) Location, the deductible will apply against the total loss covered by this Policy in an Occurrence except that a deductible that applies on a per Location basis, if specified, will apply separately to each Location where the direct physical loss or damage happened regardless of the number of Locations involved in the Occurrence.
- B. Unless stated otherwise, if two (2) or more deductibles apply to an Occurrence, the total to be deducted will not exceed the largest deductible applicable. For the purposes of this provision, when a separate Property Damage and a separate Time Element deductible apply, the sum of the two (2) deductibles will be considered a single deductible. If two (2) or more deductibles apply on a per Location basis in an Occurrence, the largest deductible applying to each Location will be applied separately to each such Location.
- C. When a percentage (%) deductible is stated above, whether separately or combined, the deductible is calculated as follows:

Property Damage — % of the value, per the Valuation clause(s) of the Property Damage section, of the Property Insured at the Insured Location where the physical damage happened.

Time Element — % of the full Time Element values that would have been earned in the twelve (12) month period following the Occurrence by use of the facilities at the location where the physical damage happened, plus that proportion of the full Time Element values at all other Locations where Time Element loss ensues that was directly affected by use of

such facilities and that would have been earned in the 12 month period following the Occurrence.

Any Time Element extension provided herein is subject to the deductible provisions that would have applied had the direct physical loss or damage to Property Insured occurred.

OCCURRENCE DEFINITION

The term Occurrence wherever used in this Policy means the sum of all individual losses or series of individual losses resulting from or arising out of and directly occasioned by any one (1) insured event regardless of the number of Insured Locations affected. Occurrence so defined shall be limited to:

- A. seventy-two (72) consecutive hours as regards a Named Storm, a Windstorm, rainstorm, and/or hailstorm;
- B. seventy-two (72) consecutive hours as regards Earth Movement;
- C. seventy-two (72) consecutive hours as regards riots, civil commotions and malicious damage;
- D. seventy-two (72) consecutive hours as regards any Occurrence which includes individual loss or losses from any of the causes mentioned in A, B and C above;

and no individual loss from whatever insured cause, which occurs outside these periods or areas, shall be included in that Occurrence.

The Insured may choose the date and time when any such period of consecutive hours commences and if any insured event is of greater duration than the above period, the Insured may divide that event into two (2) or more Occurrences provided no two (2) periods overlap and provided no period commences earlier than the date and time of the happening of the first recorded individual loss to the Insured in that insured event during the Period of Insurance.

With respect to Flood, Occurrence shall mean all losses, wherever occurring, which arise between the time of movement of water into, onto, or over the Property Insured hereunder and the receding of the same, regardless of the period of time so embraced; except, no Occurrence shall be deemed to commence earlier than the date and time of the happening of the first recorded individual loss to the Insured in that Occurrence during the Period of Insurance.

Underwriters are not liable hereunder for any loss or damage:

- A. occurring before this Policy becomes effective; or
- B. arising from an Occurrence which is in progress at the time this Policy becomes effective, even if such loss or damage occurs after this Policy becomes effective; or
- C. occurring after the expiration of this Policy, except loss or damage arising from an Occurrence in progress at the time this Policy expires.

PROPERTY DAMAGE - SECTION C

PROPERTY INSURED

This Policy insures the following property, unless otherwise excluded elsewhere in this Policy, located at an Insured Location or within one thousand (1,000) feet thereof, to the extent of the interest of the Insured in such property (the "Property Insured").

- A. Real Property, including buildings and additions under incidental course of construction at an Insured Location, in which the Insured has an insurable interest.
- B. Personal Property:
 - 1) owned by the Insured, including the Insured's interest as a tenant in improvements and betterments. In the event of insured direct physical loss or damage, the Underwriters agree to accept and consider the Insured as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary.
 - 2) of officers and employees of the Insured.
 - 3) of others in the Insured's custody to the extent the Insured is under obligation to keep insured for direct physical loss or damage insured by this Policy.
 - 4) of others in the Insured's custody to the extent of the Insured's legal liability for insured direct physical loss or damage to Personal Property.

This Policy also insures the interest of contractors and subcontractors in Property Insured during construction at an Insured Location or within one thousand (1,000) feet thereof, to the extent of the Insured's legal liability for insured direct physical loss or damage to such property. Such interest of contractors and subcontractors is limited to the property upon which they have been hired to perform work and such interest will not extend to any Time Element coverage provided under this Policy.

PROPERTY EXCLUDED

This Policy does not cover and expressly excludes:

- A. currency (including but not limited to digital and cryptocurrency), money, precious metal in bullion form, notes, or securities.
- B. land and land values, water or any other substance in or on land; except this exclusion does not apply to:
 - 1) Land Improvements being landscape gardening, lawns, plants, trees and shrubs, roadways and pavements, but not including any fill or land beneath such property.
 - 2) water that is contained within any enclosed tank, piping system or any other processing equipment.
- C. animals, standing timber, growing crops.

- D. watercraft, aircraft, spacecraft, and satellites.
- E. vehicles of officers and employees of the Insured or vehicles licensed for use on public roads, except vehicles the Insured owns that are operated solely at an Insured Location.
- F. underground mines or mine shafts or any property within such mine or shaft.
- G. dams, dykes, levees, piers, docks, wharfs, bulkheads, bridges and tunnels.
- H. property in transit, except as otherwise provided by this Policy.
- I. property sold by the Insured under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers, except as provided by the Deferred Payments coverage of this Policy.
- J. transmission and distribution lines beyond one thousand (1,000) feet of the Insured Location.
- K. personal property in the care, custody or control of the Insured when the Insured is acting as a bailee, warehouseman or a carrier for hire.
- L. contraband property, including property in the course of illegal trade or transit.
- M. Data, including any amount pertaining to the value of such Data.

Data wherever used in this Policy shall mean information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

Computer System wherever used in this Policy shall mean any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any associated input, output, Data storage device, networking equipment or back up facility, owned or operated by the Insured or any other party.

ADDITIONAL COVERAGES

Where stated in the Schedule this Policy includes the following Additional Coverages for direct physical loss or damage insured by this Policy. Where the words “not covered” are inserted in the Schedule (or where the limit is left blank), no coverage is granted in this Policy.

These Additional Coverages:

- 1) are subject to the applicable Sub-Limit of Liability shown in the Schedule;
- 2) will not increase the Policy Limit of Liability; and
- 3) are subject to the Policy provisions, including applicable exclusions and deductibles;

all as shown in this section and elsewhere in this Policy.

ACCOUNTS RECEIVABLE

This Policy covers any shortage in the collection of accounts receivable, resulting from insured direct physical loss or damage to accounts receivable records while anywhere within the Territory stated in the Schedule, including while in transit within such Territory. The Underwriters will be liable for the interest charges on any loan to offset impaired collections pending repayment of such sum uncollectible as the result of such loss or damage. Unearned interest and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted in determining the recovery.

- 1) In the event of loss to accounts receivable records, the Insured will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding accounts receivable.
- 2) The Insured agrees to use any suitable property or service:
 - a) owned or controlled by the Insured; or
 - b) obtainable from other sources,in reducing the loss under this Additional Coverage.
- 3) This Policy covers any other necessary and reasonable costs incurred to reduce the loss, to the extent the losses are reduced.
- 4) If it is possible to reconstruct accounts receivable records so that no shortage is sustained, the Underwriters will only be liable for the reasonable and necessary cost incurred for material and time required to re-establish or reconstruct such records, and not for any costs covered by any other insurance.
- 5) Accounts Receivable Exclusions: The following exclusions are in addition to the Exclusions clause of this section:

This Additional Coverage does not insure against shortage resulting from:

- a) bookkeeping, accounting or billing errors or omissions; or
- b)
 - (i) alteration, falsification, manipulation; or
 - (ii) concealment, destruction or disposal,

of accounts receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property; but only to the extent of such wrongful giving, taking, obtaining or withholding.
- 6) The settlement of loss will be made within ninety (90) days from the date of direct physical loss or damage. All amounts recovered by the Insured on outstanding accounts receivable on the date of loss will belong and be paid to the Underwriters up to the amount of loss paid by the Underwriters. All recoveries exceeding the amount paid will belong to the Insured.

AUTOMATIC COVERAGE

This Policy covers insured direct physical loss or damage to property of the type insured by this Policy at any location rented, leased or purchased by the Insured after the inception date of this Policy. This coverage applies from the date of rental, lease or purchase.

This Additional Coverage does not apply to property insured in whole or in part by any other insurance policy.

This coverage will apply until whichever of the following occurs first:

- 1) The location is agreed to be insured by the Underwriters;
- 2) Agreement is reached that the location will not be insured under this Policy; or
- 3) The Time Limit specified in the Schedule has been reached. The Time Limit begins on the date of rental, lease or purchase.

BRANDS AND LABELS

If branded or labelled property insured by this Policy suffers insured direct physical loss or damage and the Underwriters elect to take all or any part of that property, the Insured may at the Underwriters' expense:

- 1) stamp "salvage" on the property or its containers; or
- 2) remove or obliterate the brands or labels,

if doing so will not further physically damage the property. In either event, the Insured must re-label such property or its containers to be in compliance with any applicable law.

COINSURANCE DEFICIENCY AND CURRENCY DEVALUATION

Coverage under this provision is limited to Insured Locations outside of the United States of America and Canada.

This Policy covers the deficiency, if any, in the amount of loss payable under the Insured's locally written admitted policy(ies), solely as the result of:

- 1) the application of a coinsurance (or average) clause; or
- 2) official government devaluation of the currency in which the local policy is written,

for direct physical loss or damage of the type insured under such local policy(ies) to property of the type insured under this Policy and not otherwise excluded by this Policy.

The Insured agrees to adjust the Policy values as a result of such devaluation within thirty (30) days after the date of the currency's devaluation.

There is no liability under the terms of this provision if the Insured is unable to recover any loss under such local policy(ies), if such inability is the result of intentional under-insurance by the Insured.

CONSEQUENTIAL REDUCTION IN VALUE

This Policy covers the reduction in value of insured merchandise that is a part of pairs, sets, or components, directly resulting from direct physical loss or damage insured by this Policy to other insured parts of pairs, sets or components of such merchandise. If settlement is based on a constructive total loss, the Insured will surrender the undamaged parts of such merchandise to the Underwriters.

CONTROL OF DAMAGED PROPERTY

This Policy gives control of Property Insured that suffers insured direct physical loss or damage as follows:

- 1) The Insured will have full rights to the possession and control of damaged property in the event of insured physical damage to such property provided proper testing is done to show which property is physically damaged.
- 2) The Insured using reasonable judgment will decide if the physically damaged property can be reprocessed or sold.
- 3) Property so judged by the Insured to be unfit for reprocessing or selling will not be sold or disposed of except by the Insured, or with the Insured's consent.
- 4) Any salvage proceeds received will go to the:
 - a) Underwriters at the time of loss settlement; or
 - b) Insured if received prior to loss settlement and such proceeds will reduce the amount of loss payable accordingly.

DEBRIS REMOVAL

This Policy covers the reasonable and necessary costs incurred to remove debris from an Insured Location that remains as a direct result of direct physical loss or damage insured by this Policy.

This Additional Coverage does not cover the costs of removal of:

- 1) contaminated uninsured property; or
- 2) the contaminant in or on uninsured property,

whether or not the Contamination results from insured direct physical loss or damage. This Additional Coverage covers the costs of removal of contaminated Property Insured or the contaminant in or on Property Insured only if the Contamination, due to the actual not suspected presence of Contaminant(s), of the debris resulted directly from other physical damage covered by the Policy

The term Contamination wherever used in this Policy means any condition of property due to the actual or suspected presence of any foreign substance, impurity, pollutant, hazardous material, poison, or toxin. Contaminant shall mean anything that causes Contamination. Contamination does not include asbestos, mold, mildew, fungus or spores.

DECONTAMINATION COSTS

If Property Insured is contaminated as a direct result of direct physical loss or damage insured by this Policy and there is in force at the time of such direct physical loss or damage any law or ordinance regulating Contamination due to the actual not suspected presence of Contamination, then this Policy covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated Property Insured in a manner to satisfy such law or ordinance. This Additional Coverage applies only to that part of Property Insured so contaminated as a direct result of insured physical damage.

The Underwriters are not liable for the costs required for removing contaminated uninsured property nor the Contaminant therein or thereon, whether or not the Contamination results from an insured event.

DEFENCE COSTS

The Underwriters will defend that portion of any suit against the Insured that alleges liability for insured direct physical loss or damage to Personal Property in the Insured's care, custody and control and seeks damages for such insured direct physical loss or damage. The Underwriters may, without prejudice, investigate, negotiate and settle any claim or suit as the Underwriters deem expedient.

DEFERRED PAYMENTS

This Policy covers insured direct physical loss or damage to Personal Property of the type insured by this Policy sold by the Insured under a conditional sale or trust agreement or any installment or deferred payment plan and after such property has been delivered to the buyer. Coverage is limited to the unpaid balance for such property.

In the event of such loss or damage to property sold under deferred payment plans, the Insured will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding amounts due or to regain possession of the property.

There is no liability under this Policy for loss:

- 1) pertaining to products recalled including, but not limited to, the costs to recall, test or to advertise such recall by the Insured.
- 2) from theft or conversion by the buyer of the property after the buyer has taken possession of such property.
- 3) to the extent the buyer continues payments.
- 4) not within the Territory stated in the Schedule.

DEMOLITION AND INCREASED COST OF CONSTRUCTION

- 1) This Policy covers the reasonable and necessary costs incurred, described in item 2 below, to satisfy the minimum requirements of the enforcement of any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures at an Insured Location, provided:
 - a) such law or ordinance is in force on the date of insured direct physical loss or damage; and
 - b) its enforcement is a direct result of such insured direct physical loss or damage.
- 2) This Additional Coverage, as respects the Property Insured in item 1 above, covers:
 - a) the cost to demolish, repair or rebuild the physically damaged portion of such Property Insured with materials and in a manner to satisfy such law or ordinance; and
 - b) the cost:
 - (i) to demolish the physically undamaged portion of such Property Insured; and
 - (ii) to rebuild it with materials and in a manner to satisfy such law or ordinance, to the extent that such costs incurred result when the demolition of the physically damaged Property Insured is required to satisfy such law or ordinance.
- 3) Demolition and Increased Cost of Construction Exclusions: As respects Demolition and Increased Cost of Construction, the following additional exclusions apply:

This Policy does not cover:

- a) loss due to any law or ordinance with which the Insured was required to comply had the loss not occurred;

- b) any costs incurred as a direct or indirect result of enforcement of any laws or ordinances regulating any form of Contamination;
- 4) The Underwriters' maximum liability for this Additional Coverage at each Insured Location in an Occurrence will not exceed the actual cost incurred in demolishing the physically damaged and undamaged portion of the Property Insured in item 1 above plus the lesser of:
 - a) the reasonable and necessary actual cost incurred, excluding the cost of land, in rebuilding on another site; or
 - b) the cost of rebuilding on the same site.

DIFFERENCE IN CONDITIONS / DIFFERENCE IN LIMITS

This Policy is designated the Master Global Insuring Policy for Insured Locations under this Policy and which are insured under the Insured's locally written admitted policy(ies).

As respects such Insured Locations, this Policy covers:

- 1) the difference in definitions, perils, conditions or coverages between any such local policy and this Policy.
- 2) the difference between the limit(s) of liability stated in any such local policy and this Policy provided that:
 - a) the coverage is provided under this Policy;
 - b) the limit(s) of liability has/have been exhausted under the local policy, and
 - c) the deductible(s) applicable to such claim for loss or damage in the local policy has/have been applied.
- 3) Underwriters will not be liable for non-recovery under a local policy due to insolvency or any financial failure with respect to such local policy.
- 4) It is understood and agreed that no coverage is provided if the Insured is unable to recover in full any loss under any other insurance, if the inability to recover results from the Insured's failure to comply with any condition of such other insurance.
- 5) It is understood and agreed that all local policy(ies) that are in force at the inception of this Policy will be maintained in full force and effect during the term of this Policy. Renewals or replacement of such a policy(ies) will not be more limited or restrictive than the expiring coverage.

Any coverage provided by the local policy that is not provided in this Policy does not extend to this Policy.

This Additional Coverage is subject to the deductible provisions that would have applied had the direct Physical loss or damage occurred to Insured Locations under this Policy.

EARTH MOVEMENT

This Policy covers direct physical loss or damage caused by or resulting from Earth Movement.

The term Earth Movement wherever used in this Policy means any natural or man-made earth movement including, but not limited to, Earthquake (meaning a shaking or trembling of the earth that is tectonic in origin), seaquake, volcanic eruption, landslide or subsidence and any ensuing tsunami, regardless of any other cause or event contributing concurrently or in any other sequence of loss. However, direct physical loss or damage by fire, explosion, or sprinkler leakage resulting from Earth Movement will not be considered to be loss by Earth Movement within the terms and conditions of this Policy but shall be deemed to form part of the same Occurrence.

ERRORS AND OMISSIONS

If direct physical loss or damage is not payable under this Policy solely due to an error or unintentional omission:

- 1) in the description of where Property Insured is physically located;
- 2) to include any Location:
 - a) owned, rented or leased by the Insured on the effective date of this Policy; or
 - b) purchased, rented or leased by the Insured during the term of this Policy; or
- 3) that results in cancellation of coverage on any of the Property Insured under this Policy;

this Policy covers such direct physical loss or damage, to the extent it would have provided coverage had such error or unintentional omission not been made.

With respect to 1) and 2), this Additional Coverage does not function to allow the Insured or its representative to correct or amend any value shown on the statement of values.

It is a condition precedent to operation of this Additional Coverage that upon discovery of any error or unintentional omission, such error or unintentional omission when discovered shall be reported to the Underwriters and corrected as soon as practicable by the Insured.

EXPEDITING COSTS

This Policy covers the reasonable and necessary costs incurred to pay for the temporary repair of Property Insured which has sustained direct physical loss or damage by a peril covered by this Policy and to expedite the permanent repair or replacement of such damaged Property Insured.

This Additional Coverage does not cover costs:

- 1) recoverable elsewhere under this Policy; or
- 2) of permanent repair or replacement of Property Insured which has sustained such direct physical loss or damage.

FINE ART

This Policy covers insured direct physical loss or damage to Fine Art articles while anywhere within the Territory stated in the Schedule, including while in transit within such Territory.

- 1) Fine Art Exclusions: As respects Fine Art, the following additional exclusions apply:

This Policy does not cover:

- a) loss or damage if the Fine Art cannot be replaced with other of like kind and quality, unless it is specifically declared to the Underwriters;
 - b) loss or damage from any repairing, restoration or retouching process;
 - c) currency, money or securities.
- 2) The term Fine Art wherever used in this Policy means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit. Fine Art does not include automobiles, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, or aircraft.

FLOOD

This Policy covers direct physical loss or damage caused by or resulting from Flood.

The term Flood wherever used in this Policy means:

- 1) unusual and rapid accumulation or runoff of surface waters from any source; rising waters;
- 2) waves; tide or tidal water;
- 3) the release of water;
- 4) the rising, overflowing or breaking of boundaries of natural or man-made bodies of water; or the spray therefrom;
- 5) storm surge (being water driven inland from coastal waters by high wind, low atmospheric pressure, or both) not resulting from a Named Storm.
- 6) surface waters or sewer back-up resulting from any of the foregoing;

regardless of any other cause or event contributing concurrently or in any other sequence of loss.

However, direct physical loss or damage by fire, explosion or sprinkler leakage resulting from Flood is not considered to be loss by Flood within the terms and conditions of this Policy but shall be deemed to form part of the same Occurrence.

LAND AND WATER CONTAMINANT OR POLLUTANT CLEANUP, REMOVAL AND DISPOSAL

This Policy covers the reasonable and necessary cost for the cleanup, removal and disposal of Contaminants or pollutants from uninsured property consisting of land, water or any other substance in or on land at the Insured Location if the release, discharge or dispersal of Contaminants or pollutants is a direct result of insured direct physical loss or damage to Property Insured.

This Policy does not cover the cost to cleanup, remove and dispose of Contaminants or Pollutants from such property:

- 1) at any Location insured for Personal Property only.
- 2) at any Location insured under the Automatic Coverage, Errors And Omissions or Miscellaneous Unnamed Locations coverages provided by this Policy.
- 3) when the Insured fails to give written notice of loss to the Underwriters within one hundred and eighty (180) days after inception of the loss.

MISCELLANEOUS UNNAMED LOCATIONS

This Policy covers insured direct physical loss or damage to:

- 1) Property Insured;
- 2) property of the type insured that is under contract to be used in an incidental construction project at an Insured Location:
 - a) from the time such property is delivered to the Insured or their contractor (with respect to the property under construction) by the manufacturer or supplier;
 - b) while such property is located at a storage site; and
 - c) while such property is in transit from a storage site to another storage site or to a construction project at an Insured Location,

that does not include any such property owned or rented by the contractor;

while anywhere within the Territory stated in the Schedule, including while in transit within such Territory.

This Additional Coverage excludes property covered elsewhere in this Policy.

Miscellaneous Unnamed Locations Exclusions: As respects Miscellaneous Unnamed Locations, the following additional exclusions apply:

This Policy does not cover:

- a) transmission and distribution systems.
- b) property insured under import or export ocean marine insurance.

- c) property shipped between continents.
- d) airborne shipments unless by regularly scheduled passenger airlines or air freight carriers.
- e) property of others, including the Insured's legal liability for it, hauled on vehicles owned, leased or operated by the Insured when acting as a common or contract carrier.

NAMED STORM

This Policy covers direct physical loss or damage caused by or resulting from Named Storm.

The term Named Storm wherever used in this Policy means a Windstorm that has been identified and named at any time by the National Oceanic and Atmospheric Administration's National Hurricane Center or any similar internationally recognized weather organization.

NEIGHBOR'S RECOURSE AND TENANT'S LIABILITY

In respect of Insured Locations within territories subject to the Napoleonic Code or similar civil or commercial code, coverage under this provision is limited to the legal liability imposed on the Insured:

- 1) as a tenant or occupant under the articles of any civil or commercial code toward the owner for physical damage of the type insured to Real or Personal Property of the owner of the premises.
- 2) under articles of any civil or commercial code toward neighbors, co-tenants and other third parties for direct physical damage of the type insured to the Real or Personal Property of neighbors, co-tenants and other third parties.
- 3) as landlord under articles of any civil or commercial code for direct physical damage of the type insured to the Personal Property of tenants as a result of construction defects or lack of maintenance.
- 4) as tenant or occupant under the articles of any civil or commercial code for total or partial loss of use by the owner of the premises resulting from direct physical damage of the type insured.

NON-ADMITTED INCREASED TAX LIABILITY

Coverage under this provision is limited to Insured Locations outside of the United States of America.

This Policy covers the Non-Admitted Increased Tax Liability as described herein of the Insured for direct physical loss or damage covered under this Policy.

- 1) If a loss recovery under this Policy cannot be paid in the country of its Occurrence because of local law or otherwise, such loss is to be paid in the currency of this Policy in a country designated by the Insured where such payment is legally permissible. In the event of such a payment, the Underwriters will pay in addition to the loss, the net amount required to offset local taxes on income with due consideration to any tax relief/credit that accrues

because of such payment. The amount of such additional payment is to be calculated as follows:

$$\text{Additional Payment} = [a (1 + c) / (1-b)] - a$$

Where:

- a = Loss otherwise payable under this Policy except for operation of this coverage, after due consideration for any applicable deductible(s).
- b = The net rate of the sum of: any taxation (a positive number) plus any tax relief/credit (a negative number) that accrues in the country where loss payments are received.
- c = The net rate of the sum of: any taxation (a positive number) plus any tax relief/credit (a negative number) that accrues in the country where the loss occurred.

- 2) The formula herein will not apply if the calculation of additional payment results in an amount less than zero (0). The rates referred to herein will be the respective corporate income tax rates in effect on the date of the loss.
- 3) The Insured will cooperate with the Underwriters in making every reasonable effort to pay the loss or portion thereof locally in the country in which the loss occurred.
- 4) Any payment under this coverage will be made only after completion and acceptance by the Underwriter of audited tax returns for the period in question for both the country where a payment hereunder is made and the country where the loss occurred. The actual payment under this coverage will be adjusted and reduced by all appropriate tax credits and/or tax relief entitled and/or received by the Insured and/or the local entity where the loss occurred provided that an income tax liability is incurred.

PROFESSIONAL FEES (CLAIMS PREPARATION COSTS)

This Policy covers the actual costs of reasonable fees incurred by the Insured payable to accountants, architects, auditors, engineers, or other professionals and the cost of using the Insured's employees, for producing and certifying any particulars or details contained in the Insured's books or documents, or such other proofs, information or evidence required by the Underwriters resulting from insured loss payable under this Policy for which the Underwriters have accepted liability.

Coverage will not include the fees and costs of attorneys, public adjusters, and loss appraisers, all including any of their subsidiary, related or associated entities either partially or wholly owned by them or retained by them for the purpose of assisting them nor the fees and costs of loss consultants who provide consultation on coverage or negotiate claims.

This Additional Coverage is subject to the deductible that applies to the loss.

PROTECTION AND PRESERVATION OF PROPERTY

This Policy covers:

- 1) reasonable and necessary costs incurred for actions to temporarily protect or preserve Property Insured; provided such actions are necessary due to actual, or to prevent immediately impending, insured direct physical loss or damage to such Property Insured.

2) reasonable and necessary:

- a) fire department firefighting charges imposed as a result of responding to a fire in, on, or exposing the Property Insured.
- b) costs incurred of restoring and recharging fire protection systems following an insured loss.
- c) costs incurred for the water used for fighting a fire in, on or exposing the Property Insured.

This Additional Coverage is subject to the deductible provisions that would have applied had the direct physical loss or damage occurred.

SERVICE INTERRUPTION PROPERTY DAMAGE

1) This Policy covers insured direct physical loss or damage to Property Insured at an Insured Location when such direct physical loss or damage results from the interruption of the specified incoming services consisting of electricity, gas, fuel, steam, water, refrigeration or from the lack of outgoing sewerage service by reason of direct physical loss or damage of the type insured by this Policy to property of the type insured by this Policy of the supplier of such service located within the Territory stated in the Schedule, that immediately prevents in whole or in part the delivery of such usable service.

2) Additional General Provisions:

- a) The Insured will immediately notify the suppliers of services of any interruption of such services.
- b) The Underwriters will not be liable if the interruption of such services is caused directly or indirectly by:
 - (i) the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such specified services;
 - (ii) loss or damage to overhead transmission lines located beyond one thousand (1,000) feet from the affected Insured Location;
 - (iii) intentional interruption by the Insured or any service provider.

TAX TREATMENT OF PROFITS

This Policy is extended to cover the increased tax liability from an insured loss at an Insured Location if the tax treatment of:

- 1) the profit portion of a loss payment under this Policy involving finished stock manufactured by the Insured; and/or
- 2) the profit portion of a Time Element loss payment under this Policy;

is greater than the tax treatment of profits that would have been incurred had no insured loss occurred.

TEMPORARY REMOVAL OF PROPERTY

- 1) When Property Insured is removed from an Insured Location for the purpose of being repaired or serviced or in order to avoid threatened direct physical loss or damage of the type insured by this Policy, this Policy covers such property:
 - a) while at the location to which such property has been moved; and
 - b) for direct physical loss or damage as provided at the Insured Location from which such property was removed.
- 2) This Additional Coverage does not apply to property:
 - a) insured, in whole or in part, elsewhere in this Policy.
 - b) insured, in whole or in part, by any other insurance policy.
 - c) removed for normal storage, processing or preparation for sale or delivery.

TRANSPORTATION

- 1) This Policy covers insured direct physical loss or damage to the following Personal Property, except as excluded by this Policy, while in transit within the Territory stated in the Schedule:
 - a) owned by the Insured.
 - b) shipped to customers under free on board, cost and freight or similar terms. The Insured's contingent interest in such shipments is admitted.
 - c) of others in the actual or constructive custody of the Insured to the extent of the Insured's interest or legal liability.
 - d) of others sold by the Insured, that the Insured has agreed prior to the direct physical loss or damage to insure during course of delivery.
- 2) The following exclusions are in addition to the Exclusions clause of this section. This Policy does not cover:
 - a) samples in the custody of salespeople or selling agents.
 - b) property insured under import or export ocean marine insurance.
 - c) waterborne shipments, unless:
 - (i) by inland water; or
 - (ii) by roll-on/roll-off ferries operating between European ports; or

- (iii) by coastal shipments.
 - d) airborne shipments unless by regularly scheduled passenger airlines or air freight carriers.
 - e) property of others, including the Insured's legal liability for it, hauled on vehicles owned, leased or operated by the Insured when acting as a common or contract carrier.
 - f) any transporting vehicle.
 - g) property shipped between continents, except by land or air between Europe and Asia.
- 3) Coverage Attachment and Duration:
- a) This Additional Coverage covers from the time the property leaves the original point of shipment for transit. It then covers continuously in the due course of transit:
 - (i) within the continent in which the shipment commences until the property arrives at the destination within such continent; or
 - (ii) between Europe and Asia, for land or air shipments only, from when the shipment commences until the property arrives at the destination.
 - b) However, coverage on export shipments not insured under ocean cargo policies ends when the property is loaded on board overseas vessels or aircraft. Coverage on import shipments not insured under ocean cargo policies begins after discharge from overseas vessels or aircraft.
- 4) This Additional Coverage:
- a) covers general average and salvage charges on shipments covered while waterborne.
 - b) insures direct physical loss or damage caused by or resulting from:
 - (i) unintentional acceptance of fraudulent bills of lading, shipping or messenger receipts.
 - (ii) improper parties having gained possession of property through fraud or deceit.
- 5) Additional General Provisions:
- a) This Additional Coverage will not inure directly or indirectly to the benefit of any carrier or bailee.
 - b) The Insured has permission, without prejudicing this insurance, to accept:
 - (i) ordinary bills of lading used by carriers;
 - (ii) released bills of lading;
 - (iii) undervalued bills of lading; and

(iv) shipping or messenger receipts.

c) The Insured may waive subrogation against railroads under side track agreements.

Except as otherwise stated, the Insured will not enter into any special agreement with carriers releasing them from their common law or statutory liability.

VALUABLE PAPERS AND RECORDS

This Policy covers insured direct physical loss or damage to Valuable Papers and Records while anywhere within the Territory stated in the Schedule, including while in transit within such Territory.

1) This Additional Coverage excludes loss or damage to:

- a) property described below, if such property cannot be replaced with other of like kind and quality, unless specifically declared to the Underwriters.
- b) currency, money or securities.
- c) property held as samples or for sale or for delivery after sale.

2) Valuable Papers and Records Exclusions:

In addition to the exclusions in the Exclusions clause of this section, as respects Valuable Papers And Records, this Policy does not insure errors or omissions in processing, or copying; all unless direct physical loss or damage not excluded by this Policy results, in which event, only that resulting damage is insured.

3) The term Valuable Papers and Records wherever used in this Policy means written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts, all of which must be of value to the Insured.

WINDSTORM

This Policy covers direct physical loss or damage caused by or resulting from Windstorm.

The term Windstorm wherever used in this Policy means the force or direct action of wind, including but not limited to any material, object or debris that is carried, propelled or in any manner moved by wind;

and the term Windstorm shall include:

- 1. tornado;
- 2. hail that is as a result of the actions or effects of a Windstorm;
- 3. rain or water that enters into the Property Insured through an opening created by the force or direct action of the wind;
- 4. storm surge (being water driven inland from coastal waters by high wind, low atmospheric pressure, or both) when resulting from a Named Storm.

EXCLUSIONS

In addition to the exclusions elsewhere in this Policy, the following exclusions apply:

A. This Policy excludes:

- 1) indirect or remote loss or damage.
- 2) interruption of business, except to the extent provided by this Policy.
- 3) loss of market or loss of use.
- 4) loss or damage or deterioration arising from any delay.
- 5) mysterious disappearance, loss or shortage disclosed on taking inventory, or any unexplained loss.
- 6) loss from enforcement of any law or ordinance:
 - a) regulating the construction, repair, replacement, use or removal, including debris removal, of any property; or
 - b) requiring the demolition of any property, including the cost in removing its debris;

except as provided by the Decontamination Costs and Demolition And Increased Cost Of Construction coverages of this section of this Policy.

- 7) loss resulting from the voluntary parting with title or possession of property if induced by any fraudulent act or by false pretense.
- 8) loss, damage, cost or expense incurred by the Insured or by others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of the Insured's products in the stream of commerce or the products of the Insured's direct or indirect customers or suppliers if such product or any portion of it is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy, contamination or dangerous condition.

B. This Policy excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

C. This Policy excludes loss, damage, cost or expense of whatsoever nature, directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- 1) any act of terrorism.

For the purpose of this exclusion an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This Policy also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this Policy the burden of proving the contrary shall be upon the Insured.

- 2) nuclear reaction or nuclear radiation or radioactive contamination. However:
 - a) if physical damage by fire or sprinkler leakage results, then only that resulting damage is insured; but not including any loss or damage due to nuclear reaction, nuclear radiation or radioactive contamination.
 - b) this Policy does insure physical damage directly caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Insured Location, provided that on the date of loss, there is neither a nuclear reactor nor any new or used nuclear fuel on the Insured Location.
- 3)
 - a) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by any:
 - (i) government or sovereign power (de jure or de facto);
 - (ii) military, naval or air force; or
 - (iii) agent or authority of any party specified in (i) or (ii) above.
 - b) discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.
 - c) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an event.
 - d) seizure or destruction under quarantine or custom regulation, or confiscation by order of any governmental or public authority.
 - e) risks of contraband, or illegal transportation or trade.
- 4) any dishonest act, including but not limited to theft, committed alone or in collusion with others, at any time:

- a) by an Insured or any proprietor, partner, director, trustee, officer, or employee of an Insured; or
- b) by any proprietor, partner, director, trustee, or officer of any business or entity (other than a common carrier) engaged by an Insured to do anything in connection with Property Insured under this Policy.

This Policy does insure acts of direct insured physical damage intentionally caused by an employee of an Insured or any individual specified in b above, and done without the knowledge of the Insured. In no event does this Policy cover loss by theft by any individual specified in a or b above.

5) lack of the following services:

- a) incoming electricity, fuel, water, gas, steam, refrigerant;
- b) outgoing sewerage;
- c) incoming or outgoing telecommunication, Data or video transmissions,

all when caused by an Occurrence away from the Insured Location, except as provided in Service Interruption in the Property Damage or Time Element section of this Policy.

6) Cyber Act or Cyber Incident, including but not limited to any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.

This Policy does insure direct physical loss or damage to property insured under this Policy caused by any ensuing fire or explosion which directly results from a Cyber Incident, unless that Cyber Incident is caused by, contributed to by, resulting from, arising out of or in connection with a Cyber Act including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act.

Cyber Act wherever used in this Policy shall mean an unauthorized, malicious or criminal act or series of related unauthorized, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.

Cyber Incident wherever used in this Policy shall mean:

- a) any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or
- b) any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.

D. This Policy excludes the following, but, if physical damage not excluded by this Policy results, then only such resulting damage is insured:

- 1) faulty workmanship, material, construction or design from any cause.
- 2) loss or damage to stock or material attributable to manufacturing or processing operations while such stock or material is being processed, manufactured, tested, or otherwise worked on.

- 3) deterioration, depletion, rust, corrosion or erosion, wear and tear, inherent vice or latent defect.
- 4) settling, cracking, shrinking, bulging, or expansion of:
 - a) foundations (including any pedestal, pad, platform or other property supporting machinery);
 - b) floors;
 - c) pavements;
 - d) walls;
 - e) ceilings;
 - f) roofs.
- 5)
 - a) changes of temperature damage (except to machinery or equipment); or
 - b) changes in relative humidity damage,
all whether atmospheric or not.
- 6) insect, animal or vermin damage.
- 7) loss or damage to the interior portion of buildings under construction from rain, sleet or snow, whether or not driven by wind, when the installation of the roof, walls or windows of such buildings has not been completed.

E. This Policy excludes the following unless directly resulting from other direct physical loss or damage not excluded by this Policy:

- 1) Contamination and any cost due to Contamination including the inability to use or occupy property or any cost of making property safe or suitable for use or occupancy. If Contamination due only to the actual not suspected presence of Contaminant(s) directly results from other physical damage not excluded by this Policy, then only physical damage caused by such Contamination may be insured. This exclusion E.1 does not apply to radioactive contamination which is excluded elsewhere in this Policy.
- 2) shrinkage.
- 3) changes in color, flavor, texture or finish.

F. This Policy excludes any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:

mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

This Exclusion applies regardless of whether there is (i) any direct physical loss or damage to Property Insured; (ii) any insured peril or cause, whether or not contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

- G. 1) This Policy only covers asbestos physically incorporated in an insured building or structure, and then only that part of the asbestos which has been physically damaged during the Period of Insurance by one of the following Listed Perils:

fire; explosion; lightning; windstorm; hail; direct impact of vehicle, aircraft or vessel; riot or civil commotion, vandalism or malicious mischief; or accidental discharge of fire protective equipment.

This Exclusion is subject to each of the following specific limitations:

- a) The said building or structure must be insured under the Policy for direct physical loss or damage by that Listed Peril.
 - b) The Listed Peril must be the immediate, sole cause of the damage of the asbestos.
 - c) The Insured must report to the Underwriters the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos. However, this Policy does not insure any such damage first reported to the Underwriters more than twelve (12) months after the expiration, or termination, of the Period of Insurance.
 - d) This Policy does not include any sum relating to:
 - (i) any faults in the design, manufacture or installation of the asbestos;
 - (ii) asbestos not physically damaged by the Listed Peril including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.
- 2) Except as set forth in the foregoing Section 1, this Policy does not insure asbestos or any sum relating thereto.

- H. This Policy excludes any loss or damage caused or resulting from a natural or manmade catastrophe, but only to the extent paid or payable by a Government Pool.

- a) If the Insured is required to purchase coverage or have the option to purchase coverage from a Government Pool, then the Insured must:
 - (i) Purchase the maximum available limit(s) of liability of such coverage;
 - (ii) Meet all terms and conditions of such coverage; and
 - (iii) Maintain such coverage in force.

Otherwise, if the Insured fails to meet any of the above conditions, Underwriters will apply the exclusion set forth above as if you had met all of the above conditions and were entitled to the maximum amount recoverable under the Government Pool.

- b) Notwithstanding the foregoing, with respect to the application of this exclusion, no coverage is provided for terrorism.
- c) A Government Pool means any insurance, reinsurance, program, pool or scheme for which the laws, regulations, ordinances or rules of a country pertaining to such insurance, reinsurance, program, pool or scheme is established for the purpose of reimbursement of loss or damage, either partially or wholly, caused by a natural or manmade catastrophe. Government Pool does not include the National Flood Insurance Program or the Terrorism Risk Insurance Act of 2002, and any revisions or amendments thereto, in the United States of America.

The following are examples of Government Pools, but this list is not intended to be exhaustive:

- (i) Spain or Spanish Territories subject to the regulation of the Consorcio de Compensacion de Seguros (hereinafter, Consorcio), when a loss is declared by the Consorcio to be within the conditions of its coverage including, any loss or damage constituting a Calamidad Nacional;
- (ii) France and French Territories, French Law 82-600 of July 13, 1982;
- (iii) Norway - Norsk Naturskadepool as set forth in the Insurance Contract Act No. 70 of June 16, 1989;
- (iv) South Africa and Namibia - War Damage Insurance and Compensation Act of 1976 (No. 85 of 1976);
- (v) Northern Ireland - Criminal Damage (Compensation) Order 1977 (No. 124 7) (N.I. (vi) 14).

Conditions of payment or delays in payment under a Government Pool shall not abrogate this exclusion.

TIME ELEMENT - SECTION D

LOSS INSURED

- A. This Policy insures Time Element loss, as provided in the Time Element Coverages, directly resulting from direct physical loss or damage insured by this Policy occurring during the Period of Insurance to Property Insured by this Policy during the Period of Liability described in this Section.
- B. This Policy insures Time Element loss only to the extent it cannot be reduced through:
 - 1) the use of any property or service owned or controlled by the Insured;
 - 2) the use of any property or service obtainable from other sources;
 - 3) working extra time or overtime; or
 - 4) the use of inventory,all whether at an Insured Location or at any other location. The Underwriters reserve the right to take into consideration the combined operating results of all associated, affiliated or subsidiary companies of the Insured in determining the Time Element loss.
- C. This Policy covers expenses reasonably and necessarily incurred by the Insured to reduce the loss otherwise payable under this section of this Policy. The amount of such recoverable expenses will not exceed the amount by which the loss has been reduced.
- D. Except as respects Leasehold Interest, in determining the amount of loss payable, the Underwriters will consider the experience of the business before and after and the probable experience during the Period of Liability.
- E. If there is a loss at an Insured Location that involves interdependency at one (1) or more other Insured Locations, the loss, including any resulting interdependency loss, will be adjusted based on the Time Element coverage that applies at the Insured Location where the direct physical loss or damage insured by this Policy occurred.

PERIOD OF LIABILITY

- A. The Period of Liability applying to all Time Element Coverages, except Gross Profit and Leasehold Interest and as shown below, or if otherwise provided under the Time Element Coverage Extensions, is as follows:
 - 1) For building and equipment, the period:
 - a) starting from the time of direct physical loss or damage of the type insured against; and
 - b) ending when with due diligence and dispatch the building and equipment could be:
 - (i) repaired or replaced; and

(ii) made ready for operations,

under the same or equivalent physical and operating conditions that existed prior to the damage, irrespective of and not to be limited by the date of expiration of this Policy.

2) For building and equipment under incidental course of construction:

- a) the equivalent of the above period of time will be applied to the level of business that would have been reasonably achieved after construction and startup would have been completed had no direct physical loss or damage happened; and
- b) due consideration will be given to the actual experience of the business compiled after completion of the construction and startup.

This item does not apply to Commissions, Profits And Royalties.

3) For stock-in-process and mercantile stock, including finished goods not manufactured by the Insured, the time required with the exercise of due diligence and dispatch:

- a) to restore stock in process to the same state of manufacture in which it stood at the inception of the interruption of production or suspension of business operations or services; and
- b) to replace physically damaged mercantile stock.

This item does not apply to Rental Insurance.

4) For raw materials and supplies, the period of time:

- a) of actual interruption of production or suspension of operations or services resulting from the inability to get suitable raw materials and supplies to replace similar ones damaged; but
- b) limited to that period for which the damaged raw materials and supplies would have supplied operating needs.

5) If water:

- a) used for any manufacturing purpose, including but not limited to as a raw material or for power;
- b) stored behind dams or in reservoirs; and
- c) on any Insured Location,

is released as the result of direct physical loss or damage of the type insured against under this Policy to such dam, reservoir or connected equipment, the Underwriters' liability for the actual interruption of production or suspension of operations or services due to inadequate water supply will not extend beyond thirty (30) consecutive days after the damaged dam, reservoir or connected equipment has been repaired or replaced.

This item does not apply to Rental Insurance.

- 6) For physically damaged exposed films, records, manuscripts and drawings, the time required to copy from backups or from originals of a previous generation. This time does not include research, engineering or any other time necessary to restore or recreate lost information.

This item does not apply to Rental Insurance.

B. The Period of Liability applying to Gross Profit is as follows:

1) The period:

- a) starting from the time of direct physical loss or damage of the type insured against; and
- b) ending not later than the period of time specified in the Schedule,
during which period the results of the business shall be directly affected by such damage, not to be limited by the expiration of this Policy.

2) For property under incidental course of construction, the period:

- a) starting on the date that production, business operation or service would have commenced if direct physical loss or damage of the type insured against by this Policy had not happened; and
- b) ending not later than the period of time specified in the Schedule,
during which period the results of the business shall be directly affected by such damage, not to be limited by the expiration of this Policy.

The Rate of Gross Profit and Standard Sales will be based on the experience of the business after construction is completed and the probable experience during the Period of Liability.

C. The Period of Liability does not include any additional time due to the Insured's inability to resume operations for any reason, including but not limited to:

- 1) making changes to equipment.
- 2) making changes to the buildings or structures except as provided in the Demolition And Increased Cost Of Construction clause in Section C of this Policy.
- 3) re-staffing or retraining employees.

D. If two (2) or more Periods of Liability apply, such periods will not be cumulative.

TIME ELEMENT COVERAGES

GROSS EARNINGS

As respects Locations within the USA, its territories and possessions and the Commonwealth of Puerto Rico, to which Gross Earnings coverage applies:

1) Measurement of Loss:

- a) The recoverable Gross Earnings loss is the Actual Loss Sustained by the Insured during the Period of Liability calculated as follows:
 - (i) Gross Earnings;
 - (ii) less all charges and expenses that do not necessarily continue during the interruption of production or suspension of business operations or services;
 - (iii) plus all other earnings derived from the operation of the business.
- b) In determining the indemnity payable as the Actual Loss Sustained, the Underwriters will consider the continuation of only those normal charges and expenses (including up to thirty (30) days Ordinary Payroll) that would have been earned had no interruption of production or suspension of business operations or services occurred.
- c) There is recovery hereunder but only to the extent that the Insured is:
 - (i) wholly or partially prevented from producing goods or continuing business operations or services;
 - (ii) unable to make up lost production within a reasonable period of time, not limited to the period during which production is interrupted;
 - (iii) unable to continue such operations or services during the Period of Liability; and
 - (iv) able to demonstrate a loss of sales for the operations, services or production prevented.

2) The following term(s) mean(s):

Gross Earnings, as used in item 1)a)(i):

- a) for manufacturing operations: the net sales value of production less the cost of all raw stock, materials and supplies used in such production; or
- b) for mercantile or non-manufacturing operations: the total net sales less cost of merchandise sold, materials and supplies consumed in the operations or services rendered by the Insured.

Any amount recovered under property damage coverage at selling price for loss or damage to merchandise will be considered to have been sold to the Insured's regular customers and will be credited against net sales.

Ordinary Payroll, as used in item 1)b):

the entire payroll expense for all employees of the insured except officers, executives, department managers and employees under contract.

GROSS PROFIT

As respects Locations outside of the USA, its territories and possessions and the Commonwealth of Puerto Rico, to which Gross Profit coverage applies:

1) Measurement of Loss:

a) The recoverable Gross Profit loss is the Actual Loss Sustained by the Insured of the following due to the necessary interruption of business during the Period of Liability: (i) Reduction in Sales, and (ii) Increase in Cost of Doing Business. The amount payable as indemnity hereunder will be:

(i) with respect to Reduction in Sales: The sum produced by applying the Rate of Gross Profit to the amount by which the sales during the Period of Liability will fall short of the Standard Sales. In determining the Reduction in Sales, any amount recovered under property damage coverage at selling price for direct physical loss or damage to or destruction of finished goods or merchandise will be credited against lost sales.

(ii) with respect to Increase in Cost of Doing Business:

(a) the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in sales which, but for that expenditure, would have taken place during the Period of Liability; but

(b) not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided,

all less any sum saved during the Period of Liability with respect to such of the Insured Fixed Charges as may cease or be reduced because of such interruption of business.

b) In determining the indemnity payable as the Actual Loss Sustained:

(i) if any fixed charges of the business are not insured hereunder, then, in computing the amount recoverable hereunder as Increase in Cost of Doing Business, that proportion only of the additional expenditure will be recoverable hereunder which the sum of the Net Profit and the Insured Fixed Charges bears to the sum of the Net Profit and all the fixed charges.

(ii) if during the Period of Liability goods will be sold or services will be rendered elsewhere than at the Insured Locations for the benefit of the business, either by the Insured or by others on the Insured's behalf, the money paid or payable in respect of such sales or services will be included in arriving at the amount of sales during the Period of Liability.

c) The Insured will act with due diligence and dispatch in repairing or replacing physically damaged buildings and equipment to the same or equivalent physical and operating

conditions that existed prior to the damage; and take whatever actions are necessary and reasonable to minimize the loss payable hereunder.

- 2) Gross Profit Exclusions: As respects Gross Profit, the Time Element Exclusions B and C of this section do not apply and the following applies instead:

“This Policy does not insure against any increase in loss due to fines or damages for breach of contract or for late or non-completion of orders, or penalties of any nature.”

- 3) Additional Condition:

- a) As respects all Insured Locations where Gross Profit applies, Item B under the Valuation clause of the Claims Conditions section is replaced by the following:

“B. On finished goods manufactured by the Insured, the replacement cost.”

- b) Coverage under Gross Profit for the reduction in sales due to contract cancellation will include only those sales that would have been earned under the contract during the Period of Liability.

- 4) The following term(s) mean:

- a) Gross Profit:

The amount produced by adding to the Net Profit the amount of the Insured Fixed Charges, or if there be no Net Profit the amount of the Insured Fixed Charges less that proportion of any loss from business operations as the amount of the Insured Fixed Charges bears to all Fixed Charges.

- b) Net Profit:

The net operating profit (exclusive of all capital receipts and accruals and all outlay properly chargeable to capital) resulting from the business of the Insured at the Insured Locations after due provision has been made for all fixed charges and other expenses including depreciation but before the deduction of any taxes on profits.

- c) Insured Fixed Charges:

All fixed charges (including up to thirty (30) days Ordinary Payroll) unless specifically excluded herein.

- d) Sales:

The money paid or payable to the Insured for goods sold and delivered and for services rendered in the conduct of the business at an Insured Location.

- e) Rate of Gross Profit:

The rate of Gross Profit earned on the sales during the twelve (12) full calendar months immediately before the date of the direct physical loss or damage to the described property.

- f) Standard Sales:

The sales during that period in the twelve (12) months immediately before the date of the direct physical loss or damage to the described property which corresponds with the Period of Liability.

g) Ordinary Payroll:

The entire payroll expense for all employees of the insured except officers, executives, department managers and employees under contract.

EXTRA EXPENSE

1) Measurement of Loss:

The recoverable Extra Expense loss will be the reasonable and necessary extra costs incurred by the Insured of the following during the Period of Liability:

- a) Extra expenses to temporarily continue as nearly normal as practicable the conduct of the Insured's business.
- b) Extra costs of temporarily using property or facilities of the Insured or others; and
- c) costs to purchase finished goods from third parties,

less any value remaining at the end of the Period of Liability for property obtained in connection with the above.

2) Extra Expense Exclusions: As respects Extra Expense, the following are also excluded:

- a) Any loss of income.
- b) Costs that normally would have been incurred in conducting the business during the same period had no direct physical loss or damage occurred.
- c) Cost of permanent repair or replacement of property that has been damaged or destroyed.
- d) Any expense recoverable elsewhere in this Policy.

3) The term Normal means the condition that would have existed had no direct physical loss or damage occurred.

LEASEHOLD INTEREST

1) Measurement of Loss:

The recoverable Leasehold Interest incurred by the Insured of the following:

- a) If the lease agreement requires continuation of rent; and if the property is wholly untenable or unusable, the actual rent payable for the unexpired term of the lease; or if the property is partially untenable or unusable, the proportion of the rent payable for the unexpired term of the lease.

- b) If the lease is cancelled by the lessor pursuant to the lease agreement or by the operation of law the Lease Interest for the first three (3) months following the loss; and the Net Lease Interest for the remaining unexpired term of the lease.
- 2) The following term(s) mean(s):
- a) Lease Interest:

The excess rent paid for the same or similar replacement property over and above the actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Insured's lease.
 - b) Net Lease Interest:

That sum which placed at six per cent (6%) interest rate compounded annually would equal the Lease Interest (less any amounts otherwise payable hereunder).
- 3) Leasehold Interest Exclusions: As respects Leasehold Interest, Time Element Exclusions A, B, and C do not apply and the following applies instead:
- This Policy does not insure any increase in loss resulting from the suspension, lapse or cancellation of any license, or from the Insured exercising an option to cancel the lease; or from any act or omission of the Insured that constitutes a default under the lease.
- In addition, there is no coverage for the Insured's loss of Leasehold Interest directly resulting from direct physical loss or damage to Personal Property.

RENTAL INSURANCE

- 1) Measurement of Loss:
- The recoverable Rental Insurance loss is the Actual Loss Sustained by the Insured of the following during the Period of Liability:
- a) The fair rental value of any portion of the property occupied by the Insured;
 - b) The income reasonably expected from rentals of unoccupied or unrented portions of such property; and
 - c) The rental income from the rented portions of such property according to bona fide leases, contracts or agreements in force at the time of loss,
- all not to include non-continuing charges and expenses.
- 2) Rental Insurance Exclusions: As respects Rental Insurance, Time Element Exclusions a) does not apply and the following applies instead:
- a) This Policy does not insure any loss of rental income during any period in which the Property Insured would not have been tenantable for any reason other than an insured loss.

COMMISSIONS, PROFITS AND ROYALTIES

1) Measurement of Loss:

- a) The recoverable Commissions, Profits And Royalties loss is the Actual Loss Sustained by the Insured of the following during the Period of Liability:
 - (i) Commissions, Profits and Royalties; less
 - (ii) non-continuing expenses and charges during the Period of Liability.
- b) The Commissions, Profits And Royalties payable hereunder will be the Actual Loss Sustained of income to the Insured during the Period of Liability under any royalty, licensing fee or commission agreement between the Insured and another party which is not realizable due to direct physical loss or damage insured by this Policy to property of the other party of the type insured by this Policy located within the Territory stated in the Schedule.
- c) The Insured will influence, to the extent possible, said party(ies) with whom the agreements described above have been made to use any other machinery, supplies or locations in order to resume business so as to reduce the amount of loss hereunder, and the Insured will cooperate with that party in every way to effect this. This Policy does not cover any cost to effect the above unless authorized in advance by the Underwriters.
- d) In determining the indemnity payable hereunder, the Underwriters will consider the amount of income derived from such agreements before and the probable amount of income after the date of such direct physical loss or damage.
- e) There is recovery hereunder but only if such direct physical loss or damage interrupts the delivery of goods in whole or in part to the Insured or for their account.

2) Commissions, Profits And Royalties Exclusions: As respects Commissions, Profits And Royalties, Time Element Exclusions C does not apply.

3) The following term(s) mean(s):

a) Commissions:

The income that would have been received by the Insured from the sale of goods not owned by the Insured.

b) Profits:

The amount that would have been received by the Insured from the sale of goods belonging to the Insured, in excess of the cost to the Insured of such goods.

c) Royalties:

The income the Insured is not able to collect under royalty or licensing agreements.

TIME ELEMENT COVERAGE EXTENSIONS

This Policy includes the following Extensions up to but never to exceed any applicable Sub-limit and/or time limit stated in the Schedule. Where the words “not covered” are inserted in the Schedule (or where the limit is left blank), no coverage is granted in this Policy.

CIVIL OR MILITARY AUTHORITY

This Policy covers the Actual Loss Sustained and Extra Expense incurred by the Insured due to the necessary interruption of the Insured's business due to prohibition of access to the Insured Location by order of a civil or military authority, provided that such order is a direct result of direct physical loss or damage of the type insured by this Policy, to the kind of property not excluded by this Policy situated within one (1) statute mile of the Insured Location.

This Policy does not provide coverage under this Extension for more than the number of consecutive days specified in the Schedule.

There shall be no loss payable under this Coverage Extension unless the length of time the order prohibiting access to the Insured Location exceeds the Waiting Period shown in the Schedule. The loss shall be measured from the effective date of such order and ends when the order expires, but not to exceed the number of days or sub-limit described in the Schedule.

CONTINGENT TIME ELEMENT

This Policy covers the Actual Loss Sustained and Extra Expense incurred by the Insured during the Period of Liability:

- 1) directly resulting from direct physical loss or damage of the type insured by this Policy; and
- 2) to property of the type insured by this Policy,

at any locations of Direct suppliers or Direct customers located within the Territory stated in the Schedule.

The terms “supplier” and “customer” do not include any company supplying to or receiving from the Insured Location, as described elsewhere in this Policy, electricity, fuel, gas, water, steam, refrigeration, or sewage.

Direct customers or Direct suppliers are those such customers or suppliers who have a direct relationship with the Insured.

The Insured will influence and co-operate with such Direct suppliers or Direct customers in every way and take any reasonable and necessary action to mitigate the loss payable hereunder.

Contingent Time Element Exclusion: As respects Contingent Time Element, this Policy does not insure loss resulting from lack of incoming or outgoing transmission of telecommunications, Data or video.

EXTENDED PERIOD OF LIABILITY

The Gross Earnings coverage is extended to cover the reduction in sales:

- 1) resulting from the interruption of business as covered by Gross Earnings;
- 2) for such additional length of time as would be required with the exercise of due diligence and dispatch to restore the Insured's business to the condition that would have existed had no loss occurred; and
- 3) commencing with the date on which the liability of the Underwriters for loss resulting from interruption of business would terminate if this Extension had not been included herein.

Coverage under this Extension for the reduction in sales due to contract cancellation will include only those sales that would have been earned under the contract during the extended Period of Liability.

Coverage under this Extension does not apply for more than the number of consecutive days specified in the Schedule.

Extended Period of Liability Exclusions: As respects Extended Period of Liability, the Time Element Exclusions B of this section does not apply and the following applies instead:

This Policy does not insure against any increase in loss due to fines or damages for breach of contract or for late or non-completion of orders, or penalties of any nature.

INGRESS/EGRESS

This Policy covers the Actual Loss Sustained and Extra Expense incurred by the Insured due to the necessary interruption of the Insured's business due to prevention of ingress to or egress from an Insured Location, whether or not the premises or property of the Insured has sustained damage, provided that such prevention is a direct result of direct physical loss or damage of the type insured by this Policy, to the kind of property not excluded by this Policy situated within one (1) statute mile of the Insured Location.

Ingress/Egress Exclusions: As respects Ingress/Egress, the following additional exclusions are applicable:

This Policy does not insure loss resulting from:

- 1) lack of incoming or outgoing service consisting of electric, fuel, gas, water, steam, refrigerant, sewerage and telecommunication, Data or video transmissions.
- 2) picketing or other action by strikers except for direct physical loss or damage not excluded by this Policy.

This Policy does not provide coverage under this Extension for more than the number of consecutive days specified in the Schedule.

There shall be no loss payable under this Coverage Extension unless the prevention of ingress to or egress from the Insured Location exceeds the Waiting Period shown in the Schedule. The loss shall be measured from the date that ingress to or egress from Property Insured is prevented and ends when ingress to or egress from is no longer prevented, but not to exceed the number of days or sub-limit described in the Schedule.

ON PREMISES SERVICES

This Policy covers the Actual Loss Sustained and Extra Expense incurred by the Insured during the Period of Liability directly resulting from direct physical loss or damage of the type insured by this Policy to the following property located within one thousand (1,000) feet of the Insured Location:

- 1) Electrical equipment and equipment used for the transmission of telecommunication, Data or video.
- 2) Electrical, fuel, gas, water, steam, refrigeration, sewerage, telecommunication, Data or video transmission lines.

PROTECTION AND PRESERVATION OF PROPERTY - TIME ELEMENT

This Policy covers the Actual Loss Sustained by the Insured for a period of time not to exceed forty eight (48) hours after the Insured first taking reasonable action for the temporary protection and preservation of Property Insured by this Policy provided such action is necessary to prevent immediately impending direct physical loss or damage insured by this Policy at such insured property.

This Extension is subject to the deductible provisions that would have applied had the direct physical loss or damage occurred.

RELATED REPORTED VALUES

If reported Time Element values include locations used by the Insured (such as branch stores, sales outlets and other plants) but not listed on a schedule under this Policy, and a Time Element loss would result at such locations from insured direct physical loss or damage at an Insured Location, then this Policy provides coverage for such resulting Time Element loss in accordance with the coverage applicable at such Insured Location.

The Insured will influence and cooperate with such locations in every way and take any reasonable and necessary action to mitigate the loss payable hereunder.

RESEARCH AND DEVELOPMENT

The Gross Earnings and Gross Profit coverages are extended to insure the Actual Loss Sustained by the Insured of only the continuing fixed charges and Ordinary Payroll directly attributable to the interruption of research and development activities, that in themselves would not have produced income during the Period of Liability.

The Period of Liability for this Time Element Coverage Extension will be the period from the time of direct physical loss or damage of the type insured by this Policy to the time when the property could, with due diligence and dispatch, be repaired or replaced and made ready for operations, but not to be limited by the date of expiration of this Policy.

SERVICE INTERRUPTION TIME ELEMENT

- 1) This Policy covers the Actual Loss Sustained and Extra Expense incurred by the Insured during the Period of Service Interruption at Insured Locations when the loss is caused by the interruption of incoming services consisting of electricity, gas, fuel, steam, water, refrigeration or from the lack of outgoing sewerage service by reason of direct physical loss or damage of the type insured by this Policy to property of the type insured by this Policy of the supplier of such service located within the Territory stated in the Schedule, that immediately prevents in whole or in part the delivery of such usable services.
- 2) This Extension will apply when the Period of Service Interruption is in excess of the time specified in the Schedule as Waiting Period.
- 3) Additional General Provisions:
 - a) The Insured will immediately notify the suppliers of services of any interruption of such services.
 - b) The Underwriters will not be liable if the interruption of such services is caused directly or indirectly by:
 - i) the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such specified services;
 - ii) loss or damage to overhead transmission lines located beyond one thousand (1,000) feet from the affected Insured Location;
 - iii) intentional interruption by the Insured or any service provider.
- 4) The term Period of Service Interruption means:
 - (i) The period starting with the time when an interruption of specified services occurs; and ending when with due diligence and dispatch the service could be wholly restored and the Insured Location receiving the service could or would have resumed normal operations following the restorations of service under the same or equivalent physical and operating conditions as provided by the Period of Liability clause in this section.
 - (ii) The Period of Service Interruption is limited to only those hours during which the Insured would or could have used services(s) if it had been available.
 - (iii) The Period of Service Interruption does not extend to include the interruption of operations caused by any reason other than interruption of the specified service(s).

TIME ELEMENT EXCLUSIONS

In addition to the exclusions elsewhere in this Policy, the following exclusions apply to Time Element loss:

This Policy does not insure against:

- A. Any loss during any idle period, including but not limited to when production, operation, service or delivery or receipt of goods would cease, or would not have taken place or would have been prevented due to:
 - 1) direct physical loss or damage not insured by this Policy on or away from the Insured Location.
 - 2) planned or rescheduled shutdown.
 - 3) strikes or other work stoppage.
 - 4) any reason other than direct physical loss or damage insured by this Policy.
- B. Any increase in loss due to:
 - 1) suspension, cancellation or lapse of any lease, contract, license or orders.
 - 2) fines or damages for breach of contract or for late or non-completion of orders.
 - 3) penalties of any nature.
 - 4) any other consequential or remote loss.
- C. Any loss resulting from loss or damage to finished goods manufactured by the Insured, nor the time required for their reproduction.

TIME ELEMENT INTERDEPENDENCY

If there is a loss at an Insured Location that involves interdependency at one or more other Insured Locations, the loss, including any resulting interdependency loss, will be adjusted based on the Time Element coverage that applies at the Insured Location where the physical loss or damage insured by this Policy occurred.

CLAIMS CONDITIONS - SECTION E

ABANDONMENT

There may be no abandonment of any property to the Underwriters.

ARBITRATION

Notwithstanding any other provision in this contract, any dispute or claim arising out of or relating to this Agreement, including its formation and validity, shall be referred to arbitration. The arbitration shall be conducted in accordance with the ARIAS•U.S. Neutral Panel Rules for the Resolution of U.S. Insurance and Reinsurance Disputes.

Any arbitration proceedings and interpretations shall take place in New York, New York, unless mutually agreed otherwise by the parties to the arbitration.

The law applicable to this arbitration agreement and to the procedural aspects of the arbitral proceedings shall be the law of the State of New York.

CHOICE OF LAW

This Policy and all its terms and conditions shall be interpreted in accordance with the law of the State of New York, unless mutually agreed otherwise by the parties to this Policy.

COLLECTION FROM OTHERS

The Underwriters will not be liable for any loss to the extent that the Insured has collected for such loss from others.

CURRENCY FOR LOSS PAYMENT

All amounts, including deductibles and limits of liability, indicated in this Policy are in the currency of the United States of America. Losses will be adjusted and paid in the currency of the United States of America, unless directed otherwise by the Insured.

In the event of a loss adjustment involving currency conversion, the exchange selling rate will be calculated as follows:

- A. As respects the calculation of deductibles and limits of liability, the rate of exchange published in The Wall Street Journal on the date of loss.
- B. As respects loss or damage to Real and Personal Property:
 - 1) the cost to repair or replace Real and Personal Property will be converted at the time the cost of repair or replacement is incurred based on the rate of exchange published in The Wall Street Journal.
 - 2) if such property is not replaced or repaired, the conversion will be based on the rate of exchange published in The Wall Street Journal as of the date of loss.

- C. As respects Time Element loss the conversion will be based on the average of the rate of exchange published in The Wall Street Journal on the date of loss and the rate of exchange published in The Wall Street Journal on the last day of the Period of Liability.

If The Wall Street Journal was not published on the stipulated date, the rate of exchange will be as published on the next business day.

LOSS ADJUSTMENT/PAYABLE

Loss, if any, will be adjusted with and payable to the Insured, or as may be directed by the Insured. Additional insured interests will also be included in loss payment as their interests may appear when named as additional insured, lender, mortgagee and/or loss payee in the evidences of Insurance.

PARTIAL PAYMENT OF LOSS SETTLEMENT

In the event of a loss occurring which has been ascertained to be insured loss or damage under this Policy and determined by the Underwriters' representatives to be in excess of the applicable Policy deductible, the Underwriters will advance mutually agreed upon partial payment(s) in respect of the insured loss or damage, subject to the Policy's provisions. To obtain said partial payments, the Insured will submit a signed and sworn Proof of Loss as described in this Policy, with adequate supporting documentation.

REQUIREMENTS IN CASE OF LOSS

The Insured will:

- 1) give immediate written notice to the Underwriters of any loss;
- 2) protect the property from further loss or damage;
- 3) promptly separate the damaged and undamaged property; put it in the best possible order; and furnish a complete inventory of the lost, destroyed, damaged and undamaged property showing in detail the quantities, costs, Actual Cash Value, replacement value and amount of loss claimed;
- 4) give a signed and sworn proof of loss to the Underwriters within ninety (90) days after the loss, unless that time is extended in writing by the Underwriters. The proof of loss must state the knowledge and belief of the Insured as to:
 - a) the time and origin of the loss;
 - b) the Insured's interest and that of all others in the property;
 - c) the Actual Cash Value and replacement value of each item and the amount of loss to each item; all encumbrances; and all other contracts of insurance, whether valid or not, covering any of the property;
 - d) any changes in the title, use, occupation, location, possession or exposures of the property since the effective date of this Policy;

- e) by whom and for what purpose any location insured by this Policy was occupied on the date of loss, and whether or not it then stood on leased ground.
- 5) include a copy of all the descriptions and schedules in all policies and, if required, provide verified plans and specifications of any buildings, fixtures, machinery or equipment destroyed or damaged.
- 6) further, the Insured, will as often as may be reasonably required:
 - a) exhibit to any person designated by the Underwriters all that remains of any property;
 - b) submit to examination under oath by any person designated by the Underwriters and sign the written records of examinations; and
 - c) produce for examination at the request of the Underwriters:
 - (i) all books of accounts, business records, bills, invoices and other vouchers; or
 - (ii) certified copies if originals are lost,

at such reasonable times and places that may be designated by the Underwriters or their representative and permit extracts and machine copies to be made.

SERVICE OF SUIT

This Service of Suit clause will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in any Arbitration clause within this Policy. This clause is intended as an aid to compelling arbitration or enforcing such arbitral award, not as an alternative to such Arbitration clause for resolving disputes arising out of this Policy.

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of the Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States.

It is further agreed that service of process in such suit may be made upon the person or persons specified in the Schedule for this purpose, and that in any suit instituted against any one of them upon this Policy, the Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The person or persons specified in the Schedule are authorized and directed to accept service of process on behalf of the Underwriters in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon the Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any State, territory or district of the United States which makes provision therefor, the Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or

any beneficiary hereunder arising out of this Policy, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

SETTLEMENT OF CLAIMS

The amount of loss, except for Accounts Receivable coverage, for which the Underwriters may be liable will be paid within thirty (30) days after:

- A. proof of loss as described in this Policy is received by the Underwriters; and
- B. when a resolution of the amount of loss is made either by:
 - 1) written agreement between the Insured and the Underwriters; or
 - 2) the filing with the Underwriters of an award as provided in the Arbitration clause of this section.

SUBROGATION

The Insured is required to cooperate in any subrogation proceedings. The Underwriters may require from the Insured an assignment or other transfer of all rights of recovery against any party for loss to the extent of the Underwriters' payment.

The Underwriters will not acquire any rights of recovery that the Insured has expressly waived prior to a loss, nor will such waiver affect the Insured's rights under this Policy.

Any recovery from subrogation proceedings, less costs incurred by the Underwriters in such proceedings, will be payable to the Insured in the proportion that the amount of:

- 1) any applicable deductible; and/or
 - 2) any provable uninsured loss,
- bears to the entire provable loss amount.

SUIT AGAINST THE UNDERWRITERS

No suit, action or proceeding for the recovery of any claim will be sustained in any court of law or equity unless:

- 1) the Insured has fully complied with all the provisions of this Policy; and
- 2) legal action is started within twelve (12) months after inception of the loss.

If under the insurance laws of the jurisdiction in which the property is located, such twelve (12) months' limitation is invalid, then any such legal action needs to be commenced within the shortest limitation of time permitted by such laws for time barring proceedings.

UNDERWRITERS' OPTION

The Underwriters have the option to take all or any part of damaged property at the agreed or appraised value. The Underwriters must give notice to the Insured of their intention to do so within thirty (30) days after receipt of proof of loss.

VALUATION

Adjustment of the direct physical loss or damage amount under this Policy will be computed as of the date of loss at the location of the loss, and for no more than the interest of the Insured.

Unless stated otherwise in an Additional Coverage, adjustment of such loss amount will be subject to the following:

- A. On stock in process, the value of raw materials and labor expended plus the proper proportion of overhead charges.
- B. On finished goods manufactured by the Insured, the regular cash selling price at the Insured Location where the loss happens, less all discounts and charges to which the finished goods would have been subject had no loss happened.
- C. On raw materials, supplies and other merchandise not manufactured by the Insured:
 - 1) if repaired or replaced, the actual expenditure incurred in repairing or replacing the damaged or destroyed property; or
 - 2) if not repaired or replaced, the Actual Cash Value.
- D. On exposed films, records, manuscripts, and drawings that are not Valuable Papers and Records or Data Processing Media, the value blank plus the cost of copying information from back-up or from originals of a previous generation. These costs will not include research, engineering or any costs of restoring or recreating lost information.
- E. On property covered under Deferred Payments, the lesser of the:
 - 1) total amount of unpaid installments less finance charges.
 - 2) Actual Cash Value of the property at the time of loss.
 - 3) cost to repair or replace with material of like size, kind and quality.
- F. On Fine Arts articles, the lesser of the:
 - 1) reasonable and necessary cost to repair or restore such property to the physical condition that existed on the date of loss.
 - 2) cost to replace the article.
 - 3) value, if any, stated on a schedule on file with the Underwriters.

In the event a Fine Arts article is part of a pair or set, and a physically damaged article cannot be replaced, or repaired or restored to the condition that existed immediately prior to the loss, the Underwriters will be liable for the lesser of the full value of such pair or set or the amount designated on the schedule. The Insured agrees to surrender the pair or set to the Underwriters.

G. On Valuable Papers And Records, the lesser of the:

- 1) cost to repair or restore the item to the physical condition that existed immediately prior to the loss.
- 2) cost to replace the item.
- 3) amount designated for the item on the schedule on file with the Underwriters.

H. On property in transit:

- 1) property shipped to or for the account of the Insured will be valued at actual invoice to the Insured. Included in the value are accrued costs and charges legally due. Charges may include the Insured's commission as selling agent.
- 2) property sold by the Insured and shipped to or for the purchaser's account will be valued at the Insured's selling invoice amount. Prepaid or advanced freight costs are included.
- 3) property not under invoice will be valued:
 - a) for property of the Insured, at the valuation provisions of this Policy applying at the location from which the property is being transported; or
 - b) for other property, at the actual cash market value at the destination point on the date of Occurrence,less any charges saved which would have become due and payable upon arrival at destination.

I. On contractors equipment and vehicles the loss amount will be valued at Actual Cash Value unless an agreed value applies.

J. On Data Processing Media the cost to repair or replace the Data Processing Media itself plus the costs of copying the Data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the Data. If such media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank Data Processing Media. However, this Policy excludes any amount pertaining to the value of such Data, to the Insured or any other party, even if such Data cannot be recreated, gathered or assembled.

Data Processing Media wherever used in this Policy shall mean any property insured by this Policy on which Data can be stored but not the Data itself.

K. On all other property, the loss amount will not exceed the lesser of the following:

- 1) All with due diligence and dispatch

- a) the cost to repair;
 - b) the cost to rebuild or replace on the same site with new materials of like size, kind and quality;
 - c) the cost in rebuilding, repairing or replacing on the same or another site, but not to exceed the size and operating capacity that existed on the date of loss;
 - d) the cost to replace unrepairable electrical or mechanical equipment, including computer equipment, with equipment that is the most functionally equivalent to that damaged or destroyed, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program of system enhancement.
- 2) The selling price of real property or machinery and equipment, other than stock, offered for sale on the date of loss.
 - 3) The increased cost of demolition, if any, resulting from loss covered by this Policy, if such property is scheduled for demolition.
 - 4) The unamortized value of improvements and betterments, if such property is not repaired or replaced at the Insured's expense.
 - 5) The Actual Cash Value if such property is:
 - a) useless to the Insured; or
 - b) not repaired, replaced or rebuilt on the same or another site within two (2) years from the date of loss.

The Insured may elect not to repair or replace the insured real and/or personal property lost, damaged or destroyed. Loss settlement may be elected on the lesser of repair or replacement cost basis if the proceeds of such loss settlement are expended on other capital expenditures related to the Insured's operations within two (2) years from the date of loss. As a condition of collecting under this item, such expenditure must be unplanned as of the date of loss and be made at an Insured Location under this Policy. This item does not extend to Demolition And Increased Cost Of Construction.

The term Actual Cash Value wherever used in this Policy means the amount it would cost to repair or replace Property Insured, on the date of loss, with material of like kind and quality, with proper deduction for obsolescence and physical depreciation but in no event more than the fair market value.

GENERAL CONDITIONS - SECTION F

ACCESS TO RECORDS

The Insured shall make available to the Underwriters at all reasonable times, and the Underwriters through their designated representatives shall have the right to inspect and copy at their own expense, during the Period of Insurance and thereafter, all books, papers and other records of the Insured and its agents or brokers in connection with this Policy or the subject matter hereof.

ADDITIONAL INSURABLE INTERESTS/CERTIFICATES OF INSURANCE

Additional insured interests are automatically added to this Policy as their interest may appear when named as additional insured, lender, mortgagee and/or loss payee in the evidences of Insurance on a schedule on file with the Underwriters. Such interests become effective on the date shown in the evidence of Insurance and will not amend, extend or alter the terms, conditions, provisions, exclusions and limits of liability of this Policy.

ASSIGNMENT

Assignment of this Policy will not be valid except with the prior written consent of Underwriters.

CANCELLATION

This Policy may be:

- A. cancelled at any time at the request of the Insured by surrendering this Policy to the Underwriters or by giving written notice to the Underwriters stating when such cancellation will take effect; or
- B. cancelled by the Underwriters by giving the Insured not less than:
 - 1) sixty (60) days' written notice of cancellation; or
 - 2) ten (10) days' written notice of cancellation if the Insured fails to remit, when due, payment of premium for this Policy unless other premium payment terms are expressly stated.

Return of any unearned premium will be calculated using the New Short Rate Cancellation Table Endorsement (U.S.A.) (NMA0045) if the Insured cancels and on a pro-rata basis if the Underwriters cancel this Policy. Return of any unearned premium will be made by the Underwriters as soon as practicable.

CONFORMITY WITH STATUTE

Any terms of this Policy which may conflict with applicable statutes (or statutes deemed applicable by a court of competent jurisdiction) are amended to conform with the minimum requirements of such statutes.

In the event that any provision of this Policy is found by a court of competent jurisdiction to be invalid or unenforceable, the other provisions of this Policy and the remainder of the provision in question shall not be affected thereby and shall remain in full force and effect.

INSPECTIONS

The Underwriters, at all reasonable times, will be permitted, but will not have the duty, to inspect Property Insured. The Underwriters do not address life, safety or health issues.

The Underwriters':

- A. right to make inspections;
- B. making of inspections; or
- C. analysis, advice or inspection report,

will not constitute an undertaking, on behalf of or for the benefit of the Insured or others. The Underwriters will have no liability to the Insured or any other person because of any inspection or failure to inspect.

When the Underwriters are not providing jurisdictional inspections, the Owner/Operator has the responsibility to assure that jurisdictional inspections are performed as required, and to assure that required jurisdictional Operating Certificates are current for their pressure equipment.

LENDERS LOSS PAYEE AND MORTGAGEE INTERESTS AND OBLIGATIONS

- A. The Underwriters will pay for loss to specified Property Insured under this Policy to each specified Lender Loss Payee (hereinafter referred to as Lender) as its interest may appear, and to each specified Mortgagee as its interest may appear, under all present or future mortgages upon such property, in order of precedence of the mortgages.
- B. The interest of the Lender or Mortgagee (as the case may be) in Property Insured under this Policy will not be invalidated by:
 - 1) any act of neglect of the debtor, mortgagor, or owner (as the case may be) of the property.
 - 2) foreclosure, notice of sale, or similar proceedings with respect to the property.
 - 3) change in the title or ownership of the property.
 - 4) change to a more hazardous occupancy.

The Lender or Mortgagee will notify the Underwriters of any known change in ownership, occupancy, or hazard and, within ten (10) days of written request by the Underwriters, may pay the increased premium associated with such known change. If the Lender or Mortgagee fails to pay the increased premium, all coverage under this Policy will cease.

- C. If this Policy is canceled at the request of the Insured or its agent, the coverage for the interest of the Lender or Mortgagee will terminate ten (10) days after the Underwriters send to the Lender or Mortgagee written notice of cancellation, unless:

- 1) sooner terminated by authorization, consent, approval, acceptance, or ratification of the Insured's action by the Lender or Mortgagee, or its agent.
 - 2) this Policy is replaced by the Insured, with a policy providing coverage for the interest of the Lender or Mortgagee, in which event coverage under this Policy with respect to such interest will terminate as of the effective date of the replacement policy, notwithstanding any other provision of this Policy.
- D. The Underwriters may cancel this Policy and/or the interest of the Lender or Mortgagee under this Policy, by giving the Lender or Mortgagee written notice thirty (30) days prior to the effective date of cancellation, if cancellation is for any reason other than non-payment. If the debtor, mortgagor, or owner has failed to pay any premium due under this Policy, the Underwriters may cancel this Policy for such non-payment, but will give the Lender or Mortgagee written notice ten (10) days prior to the effective date of cancellation. If the Lender or Mortgagee fails to pay the premium due by the specified cancellation date, all coverage under this Policy will cease.
- E. The Underwriters have the right to invoke this Policy's Suspension clause. The suspension of insurance will apply to the interest of the Lender or Mortgagee in any machine, vessel, or part of any machine or vessel, subject to the suspension. The Underwriters will provide the Lender or Mortgagee at the last known address a copy of the suspension notice.
- F. If the Underwriters pay the Lender or Mortgagee for any loss, and deny payment to the debtor, mortgagor or owner, the Underwriters will, to the extent of the payment made to the Lender or Mortgagee be subrogated to the rights of the Lender or Mortgagee under all securities held as collateral to the debt or mortgage. No subrogation will impair the right of the Lender or Mortgagee to sue or recover the full amount of its claim. At its option, the Underwriters may pay to the Lender or Mortgagee the whole principal due on the debt or mortgage plus any accrued interest. In this event, all rights and securities will be assigned and transferred from the Lender or Mortgagee to the Underwriters, and the remaining debt or mortgage will be paid to the Underwriters.
- G. If the Insured fails to render proof of loss, the Lender or Mortgagee, upon notice of the Insured's failure to do so, will render proof of loss within sixty (60) days of notice and will be subject to the provisions of this Policy relating to Arbitration, Settlement Of Claims, and Service Of Suit.
- H. Other provisions relating to the interests and obligations of the Lender or Mortgagee may be added to this Policy by agreement of Underwriters in writing.

MISREPRESENTATION AND FRAUD

This entire Policy and any loss or claim hereunder will be void if, whether before or after a loss, an Insured has:

- A. willfully concealed or misrepresented any material fact or circumstance;
- B. engaged in fraudulent conduct; or
- C. made false statements;

relating to this Policy or any claim hereunder.

OTHER INSURANCE

- A. If there is any other insurance that would apply in the absence of this Policy, this Policy will apply only after such insurance whether collectible or not.
- B. In no event will this Policy apply as contributing insurance, however, in the event this Policy is deemed to contribute with other insurance, the limit of liability applicable at each Location, for purposes of such contribution with other insurers, will be the latest amount described in this Policy or the latest Location value on file with the Underwriters.
- C. The Insured is permitted to have other insurance over any limits or sub-limits of liability specified elsewhere in this Policy without prejudice to this Policy. The existence of any such insurance will not reduce any limit or sub-limit of liability in this Policy. Any other insurance that would have provided primary coverage in the absence of this Policy will not be considered excess.
- D. The Insured is permitted to have other insurance for all, or any part, of any deductible in this Policy. The existence of such other insurance will not prejudice recovery under this Policy. If the limits of liability of such other insurance are greater than this Policy's applicable deductible, this Policy's insurance will apply only after such other insurance has been exhausted.

POLICY MODIFICATION

The Insured and the Underwriters may request changes to this Policy. This Policy can be changed only by endorsements issued by the Underwriters and made a part of this Policy.

Notice to any agent or knowledge possessed by any agent or by any other person will not:

- A. create a waiver, or change any part of this Policy; or
- B. prevent the Underwriters from asserting any rights under the provisions of this Policy.

SANCTIONS

No Underwriter shall be deemed to provide cover and no Underwriter shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that Underwriter to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

SALVAGE AND RECOVERIES

All salvages, recoveries and payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.

SUSPENSION

On discovery of a dangerous condition, the Underwriters may immediately suspend this insurance on any machine, vessel or part thereof by giving written notice to the Insured. The suspended insurance may be reinstated by the Underwriters. Any unearned premium resulting from such suspension will be returned by the Underwriters.

TITLES

The titles in this Policy are only for reference. The titles do not in any way affect the provisions of this Policy.